

# BRITAIN and the COMMON MARKET

Texts of speeches made at the  
1962 Labour Party Conference  
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# The Rt. Hon. Hugh Gaitskell, M.P.

In a speech to the 1962

Annual Conference of the Labour Party

3rd October, 1962

I PRESENT to Conference the document *Labour and the Common Market*, and ask you to give it your whole-hearted support. I ask this not only because I believe that this document will commend itself to the large majority of delegates, but because its compelling logic makes it a fine statement of the Party's point of view on this immense problem.

We can all agree on the tremendous significance of this debate. We can also agree that it is already warm in this hall, and likely to become much hotter as the day goes on. Do not therefore, let us get over-heated. I plead at the start for tolerance, tolerance in particular between those who hold the more extreme views in this controversy—those who, on the one hand would like to see Britain enter Europe whatever the conditions, and those who, on the other hand, are opposed to Britain entering Europe on any conditions. I suggest that they would do well to tolerate one another, because they both have some strange bedfellows. If one attacks the other because of its allies, retaliation is extraordinarily easy!

I ask for something else. There are certain ways in which we should *not* decide this issue. It is *not* a matter to be settled by attractive pictures of nice old German gentlemen drinking beer on the one hand or, on the other, by race or national hatred stimulated by past experiences. It should *not* be decided because on the one hand we like Italian girls, or on the other, we think we have been fleeced in Italian hotels. It should *not* be decided on the basis of whether we think French food is the best in the world, or because, as one of my correspondents put it, she was afraid Europe was out to poison us!

I say this to start with, because I do not think the level of argument in the Press has been all that high so far.

This is a crucial, complex and difficult issue. Anybody who thinks otherwise is a fool. It is not easy to find one's way through all the ramifications, the effects upon us in this country, the effects on the Commonwealth and the effects on the world.

I propose to begin with the effects upon ourselves, particularly the economic effects.

Are we forced to go into Europe? The answer to that is, No. Would we necessarily, inevitably, be economically stronger if we go in, and weaker if we stay out? My answer to that is also, No. There is no real evidence that this is the case. Is it true to say that by going in we shall become all that more prosperous so that, because of our prosperity, the Commonwealth automatically gains, whatever the terms may be? Again my answer to that must be No.

I have some good authority for this. Here is a description of what is involved economically in entering the Customs Union in Europe. 'If the United Kingdom were to join such a Customs Union, the United Kingdom tariff would be swept aside and would be replaced by this single common tariff. That would mean that goods coming into the United Kingdom from the Commonwealth, including the Colonies, would have to pay duty at the same rate as goods coming from any other country not a Member of the Customs Union, while goods from the Customs Union would enter free. Judged only by the most limited United Kingdom interests, such an arrangement would be wholly disadvantageous.' That was said by Harold Macmillan in November, 1956. It is only the first of a series of statements which will no doubt be referred to repeatedly as time goes on.

Personally I prefer to rely on better authority. I will quote the conclusion of Sir Donald McDougall, the Deputy Director of the N.E.D.C., a man who served the Coalition Government in the war, was closely associated with the Prime Minister of that time, a man whom some of us know personally, and who has recently been appointed by a Conservative Government to this vital post of chief economist in our planning set-up. This is what he wrote recently at the end of a closely reasoned examination. 'There is no really compelling economic argument for Britain's joining unless it is thought that, without being exposed to the blast of competition from the Continent, she will never put her house in order.'

### Not Accepted

It may be the view of the Government that this is the only way Britain can put her house in order. Conceivably this might be true under a Tory Government, but it is not something that we in the Labour Party will accept.

I also prefer to rely upon the facts. For Britain's entry into a Customs Union—such as the Economic Community of Europe—has a double effect. The barriers go down between us and the six countries of Europe. But they go up between us and the Commonwealth. We shall find it easier to sell in the markets of the six, because we shall no longer be faced with tariffs against our goods. How much are they now? Ten to fifteen per cent. But we shall be



at a disadvantage in the rest of Europe compared with our position today, because in the European Free Trade Area we now have a tariff advantage over and against the six countries, which we shall lose if we go in. And since it would be rash to assume that the advantages which the Commonwealth countries give us in their markets will be retained by us when we deprive them of the advantages they at present have in ours, we shall also lose in Commonwealth markets for the same reason.

What does all this amount to? In 1961, 16.7 per cent of our exports went to the Common Market countries; 13.1 per cent—not so very far off it—to the rest of Western Europe—the E.F.T.A. countries, and 43 per cent went to the countries of the Commonwealth Preference System. We would gain in markets where we sell less than one-fifth of our exports and lose in markets where we sell about half our exports. This needs to be qualified a little because of the level of the tariffs. But nobody who has even glanced at this problem can really suppose that there is any advantage to be expected from the switch.

### Exports Compared

I have heard some things in recent weeks from manufacturers, even from politicians, which suggest that the Commonwealth is a market that no longer matters to us. One would think from the way such people speak that the Commonwealth countries were not accepting British goods at all, that they were raising tariffs against us and making it impossible for us to sell there. Let me therefore remind you of how much some industries sold to the Commonwealth in 1961 in relation to other markets. For instance, in man-made fibres, yarns and fabrics—in other words, artificial textiles—our exports to the Commonwealth today are more than seven times our exports to the Common Market. Our exports to E.F.T.A., to the rest of Western Europe, three to four times as much as to the Common Market. Our iron and steel exports to the Commonwealth are four times our exports to the Common Market—and again E.F.T.A. takes half as much again from us as the Common Market does. Our exports of electrical machinery, apparatus and appliances, are nearly four times as much to the Commonwealth as to the Common Market. We sent eighteen times as many railway vehicles to the Commonwealth as to the Common Market. Road vehicles and aircraft—four times as much to the Commonwealth as to the Common Market. I could go on. I make the point only to deal with the silly nonsense which is talked about this, and the dangerous nonsense as well. This is a matter which we would do well to try to understand, since it affects our livelihood.

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*\*The figures of British Exports to the Commonwealth in this paragraph cover the Sterling area only and therefore exclude Canada. If exports to Canada were included the argument would be even stronger.*

Again, to hear some people speak, you would suppose that the Commonwealth Preference System, as far as our manufacturers are concerned, had virtually disappeared. Yet the fact is that in Australia today 85 per cent of the British exports get a preference averaging 10 per cent. In Canada again I could quote you case after case where, to be sure, there is protection for Canada, but where, nevertheless, in comparison with every other country or group in the world exports from this country and the Commonwealth have substantial trade advantages. These are the facts.

There is another fact we had better remember. It is an essential part of the Common Market agricultural policy—and we shall not be able to escape this unless there are some very striking changes in the terms so far negotiated—that we are to be obliged to import expensive food from the Continent of Europe in place of cheap food from the Commonwealth. Nor can it be denied for one moment—and Mr. Heath had the courage and honesty to admit this—that food prices at home are certain to rise.

Of course, these are not the only arguments in the economic field. There is the question of the size of the market. Is it not tremendous to have a home market of 220 million people? Will not this make it possible for our firms to expand and to reduce costs, and so become much more efficient? There is something in this argument. I do not deny it for a moment, but in my view it is considerably exaggerated. The idea of the world being divided up in this way so that, as it were, you only sell in a market where there are no tariffs and never sell anything anywhere else is, of course, rubbish. We sell to the world, not just to Europe. It may be that some of our firms could be more efficient if they had larger markets. They mostly follow this attractive prospect by joining up with other firms. We all know that it is one of the most powerful influences in the direction of monopoly. There will be quite a lot of it in Europe as well!

### Efficiency

You may ask where the greatest industrial efficiency lies today, and answer—the United States. It certainly has a very high level of productivity and, consequently, a very high living standard, but it also has its difficulties as an economy. You do not protect yourselves from stagnation, even if you have a large market. You do not protect yourselves from unemployment. You do not protect yourselves from uncertainty.

And if we are to take firms, I do not think you can judge their efficiency simply by the size of the country to which they belong. Some of the most efficient firms in the world are from small countries, from Switzerland, Holland and Sweden, with no large home market at all.

Then there is the argument which is described as “the fresh

breeze of competition." It is a strange argument to use. It is said that we should go into the Common Market because tariffs will be reduced against us, that it is because it is going to be easier to sell there, and our competitive position is improved. But they say at the same time, 'Our firms will benefit from finding it harder to compete at home, because they no longer have the protection they enjoy at present.' You cannot have it both ways. It is either better for industry to have tougher competition—which it will certainly get at home, or better for it to have easier conditions which it will get in the markets of the Six. Both arguments cannot be true.

### The Impact

What of the impact of going into the Common Market upon the movement of capital? I know that some people are frightened lest, if we do not go into the Common Market, British industrialists will move their plants abroad, invest in Europe, with bad effects upon us at home. These are not easy things to decide, but you must know this—that at the moment while we are outside the Common Market that process is subject to Government control. It will no longer be subject to Government control if we go into the Common Market.

The emphasis on 'dynamic Europe' has played a large part in this controversy. It is an attractive idea. If indeed it could be shown that the establishment of the Common Market had produced the remarkable industrial expansion in Europe in recent years this would be a most compelling reason. But this cannot be shown. Nor is it true. As a matter of fact, the rate of expansion in Europe, however you measure it—by industry, by exports, by gross national product—was faster in the five years 1950-55 than it was in the five years that followed. Indeed one can hardly say that as yet the Common Market, which is only in its early stages, has had any effect. The truth is that the reasons for European expansion are different. I will not bother you with them. I can assure you, however, that it is not mainly because of the Common Market that Europe has had this remarkable growth recently.

We are told that the Commonwealth is static. Is it? Here are a few figures to refute that argument. Australian imports (what she took from the rest of the world) grew between 1953 and 1960 by 83 per cent—not a bad rate of growth; Pakistan by 86 per cent; India by 57 per cent; Nigeria by 99 per cent. But we did not retain our share of the rising imports of the Commonwealth. Whereas Australian imports rose by 83 per cent in those seven years British exports to Australia rose by only 23 per cent; to India by only 32 per cent; to Pakistan by only 22 per cent. This is the story in almost every Commonwealth country—not a story of stagnation but a story of expansion in which our manufacturers have failed to obtain their share.

One last point. If, indeed, the Common Market today were Britain's economic salvation, that would be the greatest indictment of Tory economic policy and judgment in the late fifties! I cannot forbear from reading you another of these interesting quotations. Mr. Maudling, now Chancellor of the Exchequer, said this: 'We must recognise that to sign the Treaty of Rome would mean having common external tariffs, which in turn would mean the end of Commonwealth free entry, and I cannot conceive that any government of this country would put forward a proposition which would involve the abandonment of Commonwealth free entry. It would be wrong for us and for the whole of the free world to adopt a policy of new duties on foodstuffs and raw materials, many of which come from under-developed countries at present entering the major market duty free.'

That was Mr. Maudling on the 12th February, 1959 and the most important pronouncement on the subject prior to the General Election of that year. That is where they stood then. If they now say to us 'Our only hope is to go in,' what an indictment that is of what they were saying and thinking then!

The truth is that our faults lie not in our markets or the tariffs against us but in ourselves; in the failure to invest enough; in the 'stop, go, stop' four-year cycle to which we are all so accustomed; in the failure to spend enough on research; in the failure to solve the apprenticeship problem, even to do anything about it, and to build up the necessary reserves of skilled labour; in the continued existence of an antiquated and unfair tax system; in our failure to develop an incomes policy which can only succeed if it is based upon social justice and a fair distribution of wealth. I shall not say more on this, for these things are to be debated tomorrow and you will hear, from James Callaghan, a fine statement on what he thinks should be done and what the country needs. He has done a wonderful job as our spokesman in the House of Commons. You will be able to judge for yourselves the merit of his performance tomorrow.

### Tired of Nonsense

If I have spoken strongly about these economic arguments, let me say particularly to those who are favourable to our entry into the Common Market that it is not—I beg them to believe this—because I start with a prejudice, it is because I am sick and tired of the nonsense and rubbish that is being written and spoken on this subject. With all that, I am not saying that the economic effects would definitely be worse for us, though some well-known Tory economists—Sir Roy Harrod, for instance—are convinced this is so. I am content to stand where I have stood and say the arguments are no more than evenly balanced. That, believe me, is the overwhelming view of all those who have made any serious and objective study of the matter.



I turn to the political aspects. None of us surely would for one second deny the idealism implicit in the desire of European people in Germany and France and Italy and the Low Countries to join together, to get rid of the old enmities which have so often destroyed their countries and to be at one with each other. Let us recognise in particular the deep desire of the social democratic parties of the Six for this joining together. Let us pay tribute to them for this. It is no part of our business as socialists to seek to prevent countries who wish to join up from doing so.

And we must recognise this. The European Economic Community has come to stay. We are not passing judgment on that; it is not our affair. It may well be that political union will follow. It would be the height of folly to deny that therefore in the centre of Western Europe there will in all probability develop a new powerful combination, which may be a single state, and it would, of course, be absurd to question the immense impact that this can have upon world affairs.

### Over-riding

Nor would I for one moment question the force of the argument so frequently put that it would be better, since this thing has come to stay, that we should go in now and influence it in the best way.

These are powerful arguments and we would be very foolish to brush them aside. But that is not to say that I, for one, am prepared to accept them as overriding everything else. They must be brought into the balance, but the balancing has not been completed.

And let me say this: Not all political unions are necessarily good in themselves. They must surely be judged by their consequences. If, for instance, it were proposed today that Britain should join a bloc of neutral countries, which I should be strongly against, as you know, and which I think a number of those in favour of our entry into the Common Market would be strongly against, they would not say this was a good thing. If it were proposed that we should join the U.S.A., I do not think it would be universally popular or accepted as necessarily a contribution to world peace.

It all depends, does it not? For if we were presented today with a tremendous choice, whether to go into a world federation under a world government—which alone would finally prevent war—there is not one of us who would say No.

So let us have less of this talk of narrow nationalism. It is not a matter of just any union, it is a matter of what are the effects of the union. Is it an aggressive one? Is it damaging to others? Is it selfish? Is it inward-looking or is it internationally minded? Is it power-hungry or is it satisfied? Does it erect barriers as well as pull them down? All these questions have to be asked, if we are honest, before we can decide.

There is another point: I have already said that I understand and deeply sympathise with the people of France and of Germany

in their desire to get rid of the conflicts which have so often broken out between them and which indeed are all too fresh in our minds. But I sometimes wonder whether the great problems of the world today are to be found in the unity or disunity of Western Europe. I would have said there were two problems outstanding above all others: the problem of peace and the problems of poverty; the problem of East-West relations that plagues us and the problem of the division of the world into the 'haves' and the 'have nots.'

### **Proof Required**

I know some will say with great sincerity 'But we recognise that and we believe that by Britain going into Europe a great contribution can be made to these problems.' Maybe so, but it is for them to submit the proof. So far it is hard to be convinced. For although, of course, Europe has had a great and glorious civilisation, although Europe can claim Goethe and Leonarde, Voltaire and Picasso, there have been evil features in European history, too—Hitler and Mussolini and today the attitude of some Europeans to the Congo problem, the attitude of at least one European government to the United Nations. You cannot say what this Europe will be; it has its two faces and we do not know as yet which is the one which will be dominant.

But here is another question we have to ask; what exactly is involved in the concept of political union? We hear a lot about it; we are told that the Economic Community is not just a customs union, that all who framed it saw it as a stepping stone towards political integration. We ought to be told what is meant by that, for if this be true our entry into the Common Market carries with it some very serious political obligations. But when you ask it is not easy to get a clear answer. When Mr. Macmillan speaks of belonging to a larger political unit what does he mean by 'belonging'? What are we supposed to be joining?

I can see only three possibilities outside the obligations that we accept specifically in the Treaty of Rome. It may mean that there is no obligation upon the Government of Britain to do more than talk, consult more frequently with the President of France and the Chancellor of Germany. I see no harm in these talks, but I am not terribly optimistic about what they will produce. It is hard to see this kind of thing producing, for example, any solution to the present attitude of President de Gaulle towards N.A.T.O.; it is hard to see that it will change the views of Dr. Adenauer on Berlin; it is hard to see that out of this will emerge a satisfactory solution of the problems of preventing the spread of nuclear weapons. If indeed there is to be a major European state it is not going to be very easy in that kind of atmosphere and spirit to prevent that state having its own advance independent store of nuclear weapons.

But what else? If it is not just talking what is it? The second

possibility is majority decisions on political issues, just as we are to have majority decisions on economic issues. Do we want that? Well, I suppose you might say we would be able somehow or other to outvote those we disagree with. I would like to be very sure of that before I committed myself.

Then, of course, there is the idea and the ideal of Federal Europe. Now I know it will be said by some, 'Why bring up federation? It is not immediate, it is not imposed upon us, it may not happen.' But we would be foolish to deny, not to recognise and indeed sympathise with the desire of those who created the Economic Community for political federation. That is what they mean, that is what they are after when they admit freely that under the present constitution of E.E.C. the Assembly has no powers except the very far-reaching, overriding one, which they are most unlikely to use, of dismissing the Commission by a two-thirds majority. When it is pointed out that the Commission is a body which has powers but is not responsible or under anybody's control, what is the answer? The answer they give is: 'That is why we should set up a Federal Assembly with powers over them.' This is what they are arguing.

What does federation mean? It means that powers are taken from national governments and handed over to federal governments and to federal parliaments. It means—I repeat it—that if we go into this we are no more than a state (as it were) in the United States of Europe, such as Texas and California. They are remarkably friendly examples, you do not find every state as rich or having such good weather as those two! But I could take others: it would be the same as in Australia, where you have Western Australia, for example, and New South Wales. We should be like them. This is what it means; it does mean the end of Britain as an independent nation state. It may be a good thing or a bad thing but we must recognise that this is so.

### **Desperate Attempt**

At the Liberal Party Conference, of course, the idea of our going into a European federation was greeted with wild enthusiasm by all the delegates. They are a little young, I think. I am all for youth but I like it to be sensible as well. After the conference a desperate attempt was made by Mr. Bonham-Carter to show that of course they were not committed to federation at all. Well, I prefer to go by what Mr. Grimond says: I think he is more important. When he was asked about this question there was no doubt about his answer—it was on television (laughter)—I see what you mean!

'Yes,' was the question, 'but the mood of your conference today was that Europe should be a federal state. Now if we had to choose between a federal Europe and the Commonwealth, this would have to be a choice, wouldn't it, you couldn't have the two?' and Mr.

Grimond replied in these brilliantly clear sentences: 'You could have a Commonwealth link, and not of course a direct political link; you could have a Commonwealth link of other sorts. But of course a Federal Europe I think is a very important point. Now the real thing is that if you are going to have a democratic Europe, if you are going to control the running of Europe democratically, you've got to move towards some form of federalism and if anyone says different to that they are really misleading the public.' That is one in the eye to Mr. Bonham-Carter!

### End of independence

We must be clear about this: it does mean, if this is the idea, the end of Britain as an independent European state. I make no apology for repeating it. It means the end of a thousand years of history. You may say 'Let it end' but, my goodness, it is a decision that needs a little care and thought. And it does mean the end of the Commonwealth. How can one really seriously suppose that if the mother country, the centre of the Commonwealth, is a province of Europe (which is what federation means) it could continue to exist as the mother country of a series of independent nations? It is sheer nonsense.

I referred to the Liberals. Of course, the Tories have been indulging in their usual double talk. When they go to Brussels they show the greatest enthusiasm for political union. When they speak in the House of Commons they are most anxious to aver that there is no commitment whatever to any political union. I do not often sympathise with Dr. Adenauer, but I am bound to say in the recent exchanges with Mr. Macmillan I was all for him.

But let me come back to what Britain's role should be. To start with, do not let us confuse the question of whether we think it is good or bad for the Europeans to get together in Western Europe and form their federation with the question whether we should be in it. The first question is their affair and it may well be the answer to their problem. It is not necessarily the answer to ours. For we are not just a part of Europe—at least not yet. We have a different history. We have ties and links which run across the whole world, and for me at least the Commonwealth, the modern Commonwealth, which owes its creation fundamentally to those vital historic decisions of the Labour Government, is something I want to cherish.

It comes to this, does it not? If we can associate ourselves with Europe, with the other states in Western Europe, in a larger community with our links with the Commonwealth fully maintained, if by so doing we can achieve that influence upon European development which has so often been urged upon us and which I fully accept as very desirable, this would be a fine ideal: it would be the building of a bridge between the Commonwealth and Europe. But



— you cannot do that if at the beginning you sell the Commonwealth  
— down the river.

That brings me to the terms, for all that I have been saying so  
it has been to justify, as I think it does abundantly, the attitude  
which we have adopted from the start, that this is not an open-and-  
— nut issue, that this is not a clear-cut thing, not a matter of either  
— going in unconditionally or staying out on any terms. On the  
— contrary the arguments, when you think them through, massive  
and difficult as they are, are evenly balanced; and whether or not  
— it is worth going in depends on the conditions of our entry.

We laid down last year at this conference, we laid down in the  
— House of Commons what became five conditions. They have been  
— expressed in different ways. They are expressed I think, as clearly  
— as they can be in the document before you. We said: 'If these  
— terms are agreed, if our demands are met, right, we go in. But if  
— they are rejected, no, we stay out.' And all of these terms are  
irrelevant to the analysis which I have been presenting.

Let me very briefly go through them. Take our condition that  
the countries of E.F.T.A.—the rest of Western Europe—must  
have their reasonable interests safeguarded. In so many words  
this means that those who want to come in as full members should  
be allowed to come in as full members and those who, for special  
reasons, want to come in as associate members should come in as  
associate members. This is important to us: it is important to us  
because the Scandinavian states have a very special relationship  
with this country and with this Party particularly; for social  
democracy has prospered in Scandinavia as it has nowhere else in  
the world.

It is important to us that we should have these friends with us  
if we go in. I do not say that they will always vote with us, but  
there is a fairly good chance that they will, and it might be very  
important.

### Not unimportant

Nor are their markets unimportant to us. I quote again the  
figures of our exports because you might suppose, by reading the  
newspapers, that this is unimportant: 16.7 per cent of them to the  
Common Market, 13 per cent of them to the E.F.T.A. countries.  
If they are out, we lose the advantage. Indeed, we shall, I suppose,  
have to face tariffs against our goods in those countries.

Then there is the problem of the members of E.F.T.A. who are  
neutrals, Sweden, Switzerland and Austria. There are those who  
say, 'We do not want you in because you are neutral.' They are  
not asking to come in as full members; it would be difficult for  
them to do so. They want to be associate or, if you like, trading  
members. But when people say, 'We will not have them because  
they are neutral. We should treat them like all other non-members,'

I say that this is to convert the Treaty of Rome into a military alliance. That, at least, it should not be. There are other ways of handling our defences.

One even hears it said: 'Perhaps we might allow Austria in because she cannot help being neutral; and Switzerland, after all, has a long tradition of neutrality; but Sweden—well, we disapprove of Sweden being neutral; she has no excuse, so we will not allow her in at all.' This is a profoundly dangerous argument. It is dangerous to treat people like this because they have decided on a neutral policy, a policy which maybe is far better for all of us than if they were to join N.A.T.O.

You will not accuse me of being weak about my support to N.A.T.O., but I have never said that everybody should join it, all the same.

### **Without our friends**

There is another argument we must bear in mind. If Sweden does not come in, what is the position of Norway and Denmark to be? Are they to raise tariff barriers against their fellow Scandinavian states? I very much doubt if they are prepared to do so. They might therefore have to stay out, and we should have to go in without our friends. Therefore we insist that the Government stand by the pledge they gave to these friends of ours in E.F.T.A.

I come to the second condition: that we should be free to plan our economy. I will not spend much time on this. There are, I must frankly tell you, many unsound arguments used in this matter. There is far more public ownership in Italy and in France today than there is in Britain, and more central planning, at any rate in France. And it is true, I believe—I know the Socialists who do it—that they are anxious to introduce more central planning in Europe. Equal pay is laid down and is coming into operation; so is three-weeks' holiday with pay. There is no need for us to turn against these things or reject them or suppose that they are not valuable because in certain other fields we have legitimate anxieties.

We do have these and they relate, frankly, to employment. We want to be quite sure that we are free to deal with the problem of local unemployment in the way we think best. A friend said the other day that people were more interested in what was going to happen to them under the Common Market than in what was going to happen to the Commonwealth. That is understandable. But there are areas in Britain which already have 5 per cent unemployment or more. It would be as well to make sure that the Government is going to have the power to deal with it if we go into the Common Market.

Nor can we ignore the possibility that in view of the removal of controls on capital movements we could be faced with a dangerous situation in this country and yet lack the independent power to deal

with it. Indeed, some of the measures which Selwyn Lloyd took in 1961, could not have been taken without the approval of the Commission and the Council of Ministers. I do not press this very hard, but I say we must know. The T.U.C. were absolutely justified in pressing upon the Government the need for the special and indeed overriding recognition of the importance of maintaining full employment. For my part, I should like to see it made plain that a British Government is bound to put this as its top priority and that it cannot be deprived of the power to use whatever methods it thinks are necessary to secure and maintain security for our people.

There was thirdly, agriculture. We had a system of planned production through guaranteed prices and production grants which has been modified under the Tories, but it still gives, a very great deal of security to the British farmer in respect of the major commodities. This system—make no mistake about it—cannot continue to exist if we go into the Common Market. The British Government will no longer have the power to decide—that is the essential point. It may be that it will work out all right, but I am not surprised that the farmers are worried and anxious when certainly guaranteed prices are to exist for many fewer commodities than they do under the present system and when majority decisions can be taken which might be very serious for at least some of the farming community.

### Foreign policy

Fourth, there is foreign policy, the right to maintain as at present our own independent foreign policy. I have discussed this already and I will state simply what I think should be said and made clear. That is this. We need to lay down, if we go into the Common Market that there is no commitment whatsoever by going in which involves any political institutional change of any kind. The right of veto in this matter is imperative and must be maintained. We must be free to decide whether or not we want any further political development. And I think we should say a little more, in all honesty, than perhaps the Government are inclined to say. I do not believe the British people now, at this stage, are prepared to accept a supranational system, majority decisions being taken against them, either in a Council of Ministers or a Federal Parliament, on the vital issues of foreign policy.

Then there is the Commonwealth. I should not have thought it was necessary to say much on this subject, but I have been surprised at some remarks that have been made lately. I remember the Prime Minister's broadcast and that curious nostalgia, thinking back to the past when we were just a little group of predominantly white countries at the Prime Ministers' Conference, and the way in which it had changed to become, of course, a much larger group predominantly represented by coloured Prime Ministers. A few

years ago it was our pride to say that it had changed in this way. I do not think we should go back on that.

I am the last person in the world to belittle what we might call the old Commonwealth. When people say, 'What did we get out of New Zealand; what did we get out of Australia; what did we get out of Canada?', I remember that they came to our aid at once in two World Wars. We, at least, do not intend to forget Vimy Ridge and Gallipoli; we, at least, do not intend to forget the help they gave us after this last war. Harold Wilson will remember the loans from Canada, the willingness of New Zealand and Australia to accept very low food prices to help us out year by year.

### To cast aside?

Then we have the new Commonwealth. Why, what a comment it is that some people should be ready, no sooner is it created to cast it aside! It means something to us and to the world. Where would our influence be in the world without the Commonwealth? It would be very much less. And I believe with all my heart that the existence of this remarkable multi-racial association, of independent nations, stretching across five continents, covering every race, is something that is potentially of immense value to the world. It does matter that we have these special relations with India and with Pakistan, with the African states as well as with Canada, Australia and New Zealand; for together we can, I believe, make a great contribution to the ending of the cold war. Let nobody underestimate that.

So these were our terms, and last year we hoped they might be met. I must say that the White Paper issued in August came to us all as a most profound disappointment. I know it is not complete; there are a lot of things still to be cleared up. But much is already clear, and what has happened, briefly, is this: that the government have given away our strongest cards. They have said, 'Yes, we will scrap the whole of the preference system and replace it by a system of preference for Europe.'

They have agreed, so far as one can see at least, to an agricultural policy adopted by the Six of imposing import levies on foodstuffs from outside Europe, which is one of the most devastating pieces of protectionism ever invented. They have agreed to a system which really means that first you settle the prices, then you get a certain output from Europe itself, and unless there is a gap between the demand to be settled and the European supplies you do not let anything else in. What sort of chance have our Commonwealth producers against this? Is it surprising that Walter Nash said to me, 'Under this system we could lose the whole of our butter market in Britain.' It is true.

And what have we got in exchange for this? The promise of special consideration to New Zealand. Now it may well be true—



I profoundly hope it is true that the Six will make concessions here. But I do not think and I hope the British Government does not think—that it will be adequate to give New Zealand a seven years' dole and then cast them away like an old glove. It is the same with Australia, Canada and again New Zealand. In return for the loss of the British market they are promised world commodity agreements. Of course we need these. Of course we need a system which will provide security for agricultural producers everywhere, which protects consumers, which ensures that surpluses, if there be surpluses as there are today, are made available to the hungry people of the poorer countries. That is right. But who can tell whether these agreements will ever be made or what they will contain?

India and Pakistan are struggling with tremendous problems of economic development. The Prime Minister said they had got very good terms. What are those terms? I will tell you. They lose the preference they have had in the British market. It is replaced with a European preference which comes in gradually up to 1970; then it is all over. Oh, they get, of course, free entry for tea; but the revenue duties in Europe are some 80 to 90 per cent, and the customs duty which goes is 18 per cent. It is true we are not obliged—it is very kind of them!—to impose a customs duty on tea here. We are allowed to drink our national beverage as we like. Very handsome! But apart from that, what do they get? The promise of a trade agreement by 1966. Are you surprised that they came to us and said, 'If nothing better than this is done, it will be crippling to our prospects of economic development'?

### Trade—not aid

You see, there is a difference here. We in Britain have done quite well in helping them to develop, in recognising, as all Western countries ought to recognise, that if these great, vast underdeveloped areas are to grow and prosper we must trade with them. It is not a matter of aid; it is a matter of trade they want. They do not want to go on indefinitely being just the producers of raw materials and foodstuffs, with prices turning against them all the time. They want to be able to produce their own manufactured goods. Hard as it may be for us to face, we have to face that—all of us.

And Britain has a proud record here in the vexed question of textiles. We now have quite a high proportion of imports to domestic production. Only one of the Six can boast even half as high a proportion, and that is Holland. In all the others the figures are negligible. Why are they negligible?—because of quotas, restrictions and tariffs. In 1950–51 India exported 114 million dollars' worth to the Six. Ten years later, despite the great expansion of the Common Market, her exports had actually fallen to 108 million. It was not her fault; it was the impossibility of getting past

the trade barriers that were erected. Is it surprising that India should say, 'We lose the one help you have given us and we get in exchange no more than promises which may mean nothing at all'?

### Patronising

Then there are the proposed associated overseas territories, the African and Caribbean countries. The Prime Minister described them as having wonderful terms. What a patronising attitude! Wonderful terms if only they would accept them! Why do they not accept them? Why have almost all turned them down? Because they regard them as implying a political commitment to Western Europe which they do not want. If you ask why they do that it is because of the history of the relationship between France and the French Colonies and the relationship which exists there today. That is why this special A.O.T. status was proposed. I cannot feel it right that African countries like Nigeria and Tanganyika should be penalised, as they will be under the present arrangement, just because they prefer not to do anything which might imply an absence of political neutrality.

You know what is going to happen under this. The people who think the Commonwealth will survive had better remember it. If this goes through we shall be giving a preference to cocoa and palm oil from Senegal and penalising the same products from Nigeria in the British market. How can you sustain a Commonwealth on that kind of treatment?

It is not surprising, after all this, that the Commonwealth labour leaders felt bound to issue the statement we did. It is not surprising, after all this, that the Prime Ministers themselves, in no uncertain terms, made it plain to the British Government how totally unsatisfactory the present arrangements were.

But what makes the whole thing the more astonishing and more odious is its contrast with the solemn pledges given by the Tory Government. For in this very hall the Secretary of State for Commonwealth Relations a year ago, said this:

'We have promised our partners in the Commonwealth that we shall not join the European Community unless we can make arrangements to safeguard their vital trading interests. We made that promise. We stand by that promise. It remains as it was, unqualified and unaltered.'

That is what he said a year ago. Will he repeat it at Llandudno?

When the Commonwealth Prime Ministers' Conference began one might have supposed that the Government would say, 'Here is what we managed to do so far. It is not very good and we should just like your views on it. We will take your views back and try to get better terms.' That would have been understandable. After all, it is not the fault of the Government entirely that the Six have been so difficult. But this is not what happened.

On the contrary, what happened was this. Instead, and after a pledge which had also been given that the Government would not make up their minds until after the Conference, there was a continual stream of comments: 'We are going in, anyhow. You had better take it, because there is no chance of our changing our minds.' Day after day the Tory press poured this out. Did they invent it? Of course not. It came from the Government, and it came from Mr. Sandys in a desperate attempt to bulldoze the Commonwealth into accepting what had been done.

The saddest feature of the whole thing in my view is the damage already done by the handling of the Commonwealth Conference. I would never have believed it possible a year or two years ago that such a Conference could take place, with such bitterness and hostility. I know very well that many of the Prime Ministers have said nice, friendly things. Of course, they would, and I welcome them. Nevertheless, have no illusions about it! If you read the newspapers from Australia and New Zealand, what they are saying is: 'Britain is going to go in, and we had better shift for ourselves. We have got to look for new ties, new trade, new alliances with Japan and the United States.' That is what they are saying.

### Precision needed

What then should now be done? This is what we say: 'Make these vague promises of the Six into precise agreements.' That is what the Government should do—go back and try and fulfil their pledges. And it must be done—those promises must be fulfilled, made concrete—the special treatment for New Zealand, the World Commodity Agreements, the Trade Agreements for India, Pakistan and Ceylon and new arrangements for those Commonwealth countries which, for political reasons refuse to be Associated Overseas Territories—all this must be done before we go in, before we start dismantling the preference system; for once we have done that, once we have started on that path we follow an irrevocable course; step by step, year by year, the preferences go and the counter-preferences come in. Then what is left of our bargaining position if we are already obliged to do that anyhow?

The other reason why we must get these precise agreements before we enter is that, once we are in, we are going to be subjected to majority rules. Let us not underestimate the power of the vested interests in the Community. There are good features of Europe, but there is a very powerful protectionist lobby, and most of the Governments of the Six depend upon it.

Moreover, why should these concessions not be made?

We are told that nothing can be re-opened. This, about an agreement—no, not an agreement, but something that was described as a 'provisional outline agreement' that is not even finished.

This was the promise they made to the House of Commons. What is the good of a provisional agreement unless you can change it?

We are told it will take too long. Is it really too much to ask the Government and our friends in Europe to take a little longer to try and meet the pledges given to the Commonwealth? Is it not in their interest as well as ours to carry the Commonwealth with us in this, even if it means that the Government's timetable cannot be kept?

### Impossible conditions?

We are told that our conditions, all five of them, are impossible. Why? Who said this a year ago? Is it impossible to demand that we maintain an independent foreign policy, as at present? Is it unreasonable to ask this? And if the Six refuse it, what conclusion do we draw? Is it unreasonable to say that the Government must retain the reserve powers to maintain full employment in this country?

Our other three conditions are all Government pledges!—the pledge to safeguard the Commonwealth and British agriculture and to stand by our partners in E.F.T.A. Surely they cannot be impossible to meet?

Then there is the argument: 'But what if the Six refuse?' The question implies, of course, a decision to enter whatever the conditions. But we are not forced to enter. I have made that plain already—abundantly plain. Indeed, if this were so, why lay down conditions at all? If you were merely saying: 'Go in on the best terms,' what are all the Government's pledges worth? The Government have made their pledges; we have made ours. But there is a difference between us. We mean to keep ours.

I must ask your indulgence—I know this is very long, but I am coming to the end, and it is a major issue.

What is the alternative? It is not a disastrous one at all. If we are obliged to say: 'Well, we cannot accept these terms,' to suspend the talks for the moment, we are not going to face economic disaster. But there is much that could be done—a conference with E.F.T.A. and the Commonwealth to enlarge the trade between us (and indeed, this would be necessary after the shocks of the last year) followed, as I would hope, by a wider world conference to reduce tariffs everywhere—for indeed, this is the only solution.

Let me say to those who seem to think that the alternative involves some kind of tight Commonwealth, that that is not so. None of us have thought in those terms at all. We are thinking not in terms just of the Commonwealth, but of the world. Nor is this position—the breach that may come in the negotiations, necessarily for ever. The fact is that today our bargaining position is as bad as it could be. On the one hand, the Government have gone into these negotiations making it abundantly plain that in fact, whatever they may have said, they are determined to go in on any conditions.



If that be the case, why should the Six make any concessions to us?

The Government are also in a bad bargaining position because, as I think is well-known, neither President de Gaulle nor Chancellor Adenauer are over-enthusiastic to have us in. There may be some changes there eventually!

Then we are told that we shall miss the political boat. This is a serious argument. But by a strange paradox I do not think it likely that so long as President de Gaulle remains in charge of affairs in France there are likely to be any very serious political developments within the Six. For he has made his position abundantly plain again and again, and I do not think he is likely to change. He will not give up any jot or tittle of French independence. He will agree to unanimity rules; he will accept arrangements where no one is committed unless all are agreed. But that is all. I do not think we need fear any immediate developments beyond that.

So all these arguments, I suggest, can be dismissed. Why then is the British Government in such a hurry? I think I know the answer. They had a timetable. They wanted to get this thing agreed, to sign the Treaty of Rome, to force the legislation through Parliament, to get the whole thing finished and complete before the British people could have an opportunity to comment upon it.

I repeat again my demand: if when the final terms are known, this Party—the major Opposition Party, the alternative Government of the country—comes to the conclusion that these terms are not good enough, if it our conviction that we should not enter the Common Market on these terms, so that there is a clear clash of opinion between the two major political groupings in the country, then the only right and proper and democratic thing is to let the people decide the issue.

### Precedent

There is a pretty good precedent, you know. Stanley Baldwin, in 1923, after a year in office, decided to introduce tariff reform. The changes were not on the scale contemplated today, but they were a significant change. He insisted, despite his parliamentary majority, despite that fact that he had only been a year in office, in putting the issue to the country and he was defeated; and that is how the first Labour Government came into existence. Well, I wish we had still today in Conservative leaders the kind of honourable approach which used to exist.

Of course, Mr. Macmillan has given a pledge in his broadcast. He said: 'When we know the final position, then it will be for us here in Britain to decide what to do.' For us here in Britain? Who does he mean? Does he mean the Government? Or the Tory Party? Or the British people?

We are now being told that the British people are not capable of judging this issue—the Government know best; the top people

are the only people who can understand it; it is too difficult for the rest. This is the classic argument of every tyranny in history. It begins as a refined, intellectual argument, and it moves into a one-man dictatorship; 'We know best' becomes 'I know best.' We did not win the political battles of the 19th and 20th centuries to have this reactionary nonsense thrust upon us again.

Of course, they extend the argument now. 'We must go in,' they say, 'not because the power of logic, of fact and conclusion suggest that it is to our advantage; we must go in because the people who really understand it, the top people, all want it.' They contradict themselves. If their minds are so arid that they can think of no other arguments, they are a long way down in the intellectual class. But what an odious piece of hypocritical, supercilious, arrogant rubbish is this! And how typical of the kind of Tory propaganda we may expect upon the subject—the appeal to snobbery: 'the big people know best; you had better follow them.' It is all on a par with the argument of inevitability. 'You cannot escape: you must be with it. You must belong, no matter to what you belong.' What a pitiful level of argument we have reached!

It is said, of course, that the young are in favour of this. The young are idealists; they want change; we know that. We welcome it, and I have no desire to belittle this. But if I were a little younger today, and if I were looking around for a cause, I do not think I should be quite so certain that I would find it within the movement for greater unity in Europe. I think I would find it outside in the world at large. I would rather work for the Freedom from Hunger campaign: I would rather work for War on Want. I would rather do something to solve world problems. And if we look for examples here, we can find them, as a matter of fact, in the United States.

### A fine concept

Sometimes ugly things happen in that country. But surely we can all of us pay tribute to the fact that today no less than 10,000 young men and women from America are working and living at the same standard of living and speaking the same language after six months rigorous training, teaching and practising agriculture in the underdeveloped countries of the world. That is the Peace Corps and it is a fine concept.

You may say: 'You can have this in Europe, too.' Yes, but only on our conditions, only if Europe is a greater Europe, only if it is an outward-looking Europe, only if it is dedicated to the cause of relieving world poverty, only if it casts aside the ancient colonialisms, only if it gives up, and shows that it gives up, the narrow nationalism that could otherwise develop.

There is that possibility. But there is another side in Europe and in the European Movement—anti-American, anti-Russian, pro-Colonial; the story of the Congo and Algeria, the intransigence

over Berlin. We do not know which it will be; but our terms present what I believe to be the acid test.

### The open door

We do not close the door. Our conditions can still be met; they are not impossible; they are not unreasonable. I profoundly hope that they can be met. Nor has the time yet come for a final decision. We are passing judgment today only on what we know so far. That judgment on what we know so far must be unfavourable. We must reject the terms so far negotiated, for they are quite inadequate, they do not fulfil either our own conditions or the Government's pledges. But no final decision can be taken until we know the final terms, and when that moment comes we shall judge it in the light of the conditions that we have laid down.

I still hope profoundly that there may be such a change of heart in Europe as will make this possible. I appeal to our Socialist comrades to use what influence they have—alas, all too little—in the Brussels negotiations, to bring this about.

After all, if we could carry the Commonwealth with us, safeguarded, flourishing, prosperous; if we could safeguard our agriculture, and our E.F.T.A. friends were all in it, if we were secure in our employment policy, and if we were able to maintain our independent foreign policy and yet have this wider, looser association with Europe, it would indeed be a great ideal. But if this should not prove to be possible; if the Six will not give it to us; if the British Government will not even ask for it, then we must stand firm by what we believe, for the sake of Britain, and the Commonwealth and the World; and we shall not flinch from our duty if that moment comes.

# The Rt. Hon. George Brown, M.P.

In a speech to the 1962

Annual Conference of the Labour Party

3rd October, 1962

MANY people in this room will understand the job of a deputy; it is to do whatever the leader, whether called Leader or Chairman or General Secretary, leaves undone. There will be a number of Assistant General Secretaries around the room and some others who will sympathise with me in the problem I now have. I rise, nevertheless, to ask you to adopt unanimously the National Executive's statement. I am aware that pretty well everybody else who has come to the platform, has said this, but there have been some nuances of expression and some accompanying views that make me feel I must ask you to adopt it in the sense I am now going to present it to you.

This is not—let this go out to the world—as so many people have said, a compromise statement. This is a firm statement of the arguments for going in on good terms, the arguments for staying out if the terms are bad, and for the kind of Europe and the kind of world and the role of Britain that we, the Labour Party, think ought to be observed in the challenge of these times in the middle of the 20th century. And we present it to you in that way.

Inevitably a debate in the Labour Party, comprised of so many points of view anyway, united in opposition to the capitalist system of society, but divided in its emphasis on the immediate changes that it wants—inevitably in such a Movement a debate on an issue of this kind throws up many different kinds of position. There has not, fortunately, today—and I am very grateful for it—been very much of a clash between the absurdly extreme positions. We have not heard anybody, I think—at any rate while I have been on the platform—say he would go in on any terms. There have been some, but not very many, who rather seemed to me to imply that we should stay out on any terms. But there has been no real clash there; and that is a very good thing, although we know that in fact those extreme positions do exist.

There has been some challenge as to whether the emphasis in this document has changed from what it was a year ago. Of course, there are always those who watch the speeches of others with a microscope and go through them with a small-tooth comb. Mark



you, they do not do it to their own speeches, although it would be very well rewarding if they did. They try to find some sentence expressed a year ago that might look out of place this year.

Things have happened since a year ago, and the major thing that has happened has been the Government's White Paper. There is none of us—and I will not dodge my position—who will say that a year ago we seriously thought that even this Government would present a White Paper so disgracefully inept, so totally inadequate, as they have now presented. And of course what we have to say today has to be said in the light of where the Government has got with its negotiations and what it seems to be saying to the British public.

### Differences

There are, nevertheless, some considerable differences between us, differences in emphasis, I think even possibly differences in hope. There are some who hope we can go in, and there are some who would rather reluctantly accept. There are differences of belief. There are some who believe that even now the terms that we think are essential could be got: there are those we have heard from the rostrum who frankly do not believe they can be got. We have these differences. There is no point in either hiding that or apologising for it. We are not a caucus. We are not a highly disciplined organisation. We are not even as highly disciplined as some would have had it!

We in fact represent the people, with all their different shades of emphasis, belief and hope, rationality and irrationality. Let us parade this and take credit for it, because it is one of the great things about the Labour Party that this is what we are. The Liberals at Llandudno were not, and the Tories will not be when they are next week at Llandudno. We are certainly not the ad-men's modern, well-edited edition of the Liberal Party. I sometimes wonder what Lady Violet Bonham Carter's contribution to history is. I believe I have found the answer. It is a very ironic one. She has now united Lloyd George and Asquith in the Valhalla where all Liberals go, as a result of what they did at Llandudno last week.

But there is one thing which I think is clear to all of us who try, and I am sure we all do in our different ways, to deal with this issue on its merits. I hope I carry you with me on this. It would be better for Europe if we could make it a bigger and a wider and a more outward-looking thing. And if I may say so to some delegates, do not let us talk of 'the Europeans' and 'shall we become Europeans?' We happen to *be* Europeans. We are part of the Continent. Not only would it be better for Europe if we could fashion that kind of organisation; I devoutly believe that it would be better for the world: make it easier to give aid to the under-developed territories in the world: and would help the problems of East and West. For

all these things it would be better, as we say in the opening of this statement, if we could fashion that kind of Europe.

It would also, I think be better for Britain if it were possible to go into an outward-looking European community in order to achieve these other things.

The questions seem to be four. The first is: can we go in?; the second is: what conditions are essential if we are to go in?; the third is: how do the present Government's actions measure up to the test and the requirements?; and the fourth is: and this is the big one—is Britain today able to face the decision either way? I emphasise 'either way'. This morning, in a massive speech—inevitably, desirably and magnificently the Leader of the Party dealt with the third question. He dealt with the Government's record, the way it has handled the thing and the state into which it has got the whole boiling. This needed to be done because this historic issue is being worked up by political double-talk into a jammed-up condition from which we have to disentangle it.

To those of my comrades whom I know very well and whose views I know very well, who came to the rostrum to say that maybe the emphasis or the balance of his speech was not quite right, I would say this: we have to destroy the gimmick, the political double-talk of the Government, before we can enable the country to understand the issue; and you cannot do that unless you set out, as Hugh Gaitskell did this morning, to undo the mischief that is being done by this vast Government propaganda campaign. That is what he did.

### Those Tory Pledges

Of course he said that the Government have some words for eating. I spend thirty seconds to emphasise this. We have to get the people of this land to understand this. The Government in their name have given pledges. They have given pledges to our partners in the Commonwealth. They have given the most binding pledges to those who joined with us in E.F.T.A. They have given pledges to sections of the people here in Britain. And however much anybody may want to go into the Common Market, I am sure none of us would believe that it would be a good basis for undertaking a new set of commitments if we rattled on those we have already got. We should destroy our good name, destroy other people's faith in us, if we did that.

It is for the Government to answer this. *They* have made the pledges. We are all of us bound. They have made them not only to sections of the population in Britain but they have also given to E.F.T.A. and to the neutrals pledges of the most binding character, and to the Commonwealth—all sections of it as well.

It would be a ridiculous Labour Movement, even in political terms, and a Labour Movement faithless to large parts of its

traditional doctrine, that did not insist that the Government must face up to those pledges and must honour them. That is what Hugh Gaitskell was doing this morning.

### He is cheating

As to the Prime Minister, one thinks about what language one can use. If one were in a trade union branch meeting there would be no problem, but here it is not so easy. Frankly—and let us not boggle—the Prime Minister is cheating. If one may misquote Robert Browning:

‘Just for a gimmick he left us,  
Just for a riband to stick in his coat—  
Found the one gift of which fortune bereft us,  
Lost all the others she lets us devote.’

He is gimmicking. He is more concerned with trying to pluck something to use at the next election than he is either with the historic past of Britain or the momentous future that lies before us.

What we are trying to do in this debate is to ask our country to face the real problems. Can Britain face the future, whatever the decision? Are we in the right condition? Are we in the right posture economically? This I make no apology for putting first. People love to get to grips with the arguments about the Common Market, but if and when the general election comes, and also in the five by-elections immediately facing us, the issue which the people of Britain have to face is this one: are we in a position to face the future either way?

The Common Market, as Hugh Gaitskell said, is no panacea. Equally, staying out does not mean Easy Street either. We have a tremendous need for changes in this nation anyway. It is anybody's guess which way needs them most. We need—and I make no apology for repeating it and putting it down because it is so much part of the background—we need a great deal more investment in scientific inventions and machinery, in education and so on, than we are getting.

One of the reasons—and Hugh Gaitskell made this point magnificently this morning—the Six are going ahead is not just that they are joined together in a common market; it is that they have done so much better than we have in investing a larger share of their national income in development and in choosing the right priorities in which to invest it. We need, as *Signposts for the Sixties* said, a National Plan for Development.

We need financial policies to encourage growth instead of discouraging it. We need to be able to make people feel that they are getting a fair share, whoever they are, of the distribution of national wealth arising from this development. Above all, we need to give the British people—and this must be the basis of any Labour case

at any election on whatever issue—a sense of purpose, a sense of direction, a sense of dedication, all of which is impossible at this moment and all of which we believe our policy can provide. And if we do that, and only if—we shall be in a position to face this decision and to face the consequences either way.

To answer the question like that leaves only two questions, Hugh Gaitskell having answered the other. The first I now answer, is: Can we go in? I believe, a lot of us believe, that we can. And we *should* go in, as the document says, if we can get the conditions for it. Why do we say that? Why does this document, supported so widely by the Executive and by so many speakers from the floor with different views, say it?

### Marginal difference

First, there are some economic advantages. Hugh Gaitskell puts it at fifty-fifty. There is no law which says that the Leader and the Deputy Leader have to say the same thing in the same words about everything. At any rate, that used not to be true and there is no great reason why we should change the position. I frankly put it higher than he does. But nobody will claim that it is more than marginally so.

However, there *are* some economic advantages if we go in, and this view lies behind the document.

The second reason is the influence that we should exert if we were able to go in. Do not let our colleagues forget—and a number of those coming to the rostrum seemed to me to forget—that it is not a case of us going in by ourselves. The Norwegians and the Danish people are talking about going in with us—as are the Irish. We must not minimise what that means.

The point is that the whole balance of the community would change if we were able to bring this off—the political balance, the geographical balance and the economic balance. And let us not forget that that is the thing that is being negotiated at this moment. If we could get in on terms, as the document says, that produce this change in balance and outlook, we could then have an outward-looking Europe: we could then have a tremendously new impact on the problems of the world, on the problems of peace and, more importantly in this sense, on the problems of the underdeveloped and the emergent territories of the world.

In saying this, let me confess that I am not speaking so much, if you will forgive me, to my colleagues here as to my colleagues in the Socialist Parties of the Six. I feel that I must say this in the light of certain remarks made today. A French Socialist, a German Socialist, an Italian Socialist, a Belgian Socialist may be working, as we do, under considerable difficulties in his own country. Most of them work in situations that most of us do not understand—a situation greatly complicated by religion. Although, there are some



areas of this country where we understand how great that complication can be.

The Belgian, French, Dutch, and Italian Socialists are, all of them, entitled to our respect, our comradeship, our understanding of their problems; and in return we are entitled to say to them: 'You want us in, and we would like to come in. Then you have a tremendous job to do at this moment. You must somehow bring influence to bear inside the Six so that they understand our needs and our requirements, and they start doing something to make it possible for us to come in.'

Again, in this list of reasons for going in there is something I have not heard mentioned all day—something that I feel deeply about, in some ways more deeply than others. This is the debit consequences if we do not go in.

It is no use thinking that there will be none; there will be some. It is perhaps anybody's guess which way the balance lies. But we never mention them; so little attention is paid to why E.F.T.A. failed—yes, Failed. It failed because it ran away from the problems. It could not afford to face up to the consequences.

Do not let us forget that there are consequences here to be faced. I am not saying that they are overwhelming, not that they necessarily tip the balance. But I am saying that they come into the balance, and in this debate today they have hardly been mentioned at all. I am very clear about this, and so is the document. We may well have to refuse to enter. We may well have to refuse to accept the terms presented, if they are anything like those before us today. For these are not terms at all; they are just a collection of vague assurances that some day in the future something will be done. If this—or anything like it—is all we get, we may well have to refuse to go in; and that the document says.

If everybody is mad, if nobody can bring influence to bear, then there it will be; we shall then refuse. But do not let anybody who cares about Britain and about British workers, or about our capacity to contribute to the development of our Asian comrades in that great democratic experiment in India miscalculate what the consequences will be.

### Man-sized job

Helping them developing that, is a man-sized job, and, brothers, it is too big for us alone. It will be a tragedy that may have to be faced—I am not doubting that. It may have to be faced; but do not let it go out from a gathering of Socialists that we thought that would be a wonderful thing. It would be a tragedy for many much poorer comrades than us.

This leaves one last question, the crucial one. On what terms? Here in the document, page 1, we set them out in the second column under the heading 'The essential conditions.' We do not believe

that these terms are extravagant or unattainable. We believe that these terms are not only necessary for us; they are the terms that the Six could grant without harm to themselves. We believe that they are the terms that our Socialist comrades in the Six and elsewhere in the world expect us to demand.

Some ask 'Can you get these and be within the Treaty of Rome?'

Do let us be clear about this. Frankly, if the Six want to let us have them, *They Can Be Got*. If we have a Government prepared to argue for them, not as supplicants needing aid, not as a nation negotiating from economic weakness, but as a strong and powerful nation with something to bring, *They Can Be Got*.

### The exceptions

Remember what the Treaty of Rome is. Here I unashamedly plagiarise a phrase which really belongs to Dennis Healey—'it is a great big book—with Four pages of principles and 400 pages of exceptions.'

I said to representatives of the Six, including Professor Hallstein, a week ago: 'None of them would have joined except for the exceptions. None of them would have gone in except that each of their problems was provided for by special arrangements.' Comrades, there is no reason why they should not do for the British what they, each of them, did for each other.

But we are more likely to get it done, I submit, if we sound as though we are contributing than if we sound and look as if we are sniffing down our noses at the very mention of our Continental partners in Europe.

This is why the N.E.C. opening statement is there; and this, too is why on the last page we say: 'Let us suppose they do not get it—this miserable, mean, discredited Government.' And I have a lot of sympathy with those who think they cannot. They have also discredited themselves by going in as mendicants. Then we must face the consequences. We will then have to organise Britain and try to combine with the rest of the world, so that we can provide a genuine alternative.

But we say, this does not rule out that a Socialist Government, with a British people with a sense of purpose behind it; with a revived and an expanding and a prosperous economy behind it, will then try to negotiate again to get the terms that are necessary for going in.

We are, and we want to be—and I am sure that every Socialist wants this—able and willing to play our part in the world; not as one little island, not as a member of a group of little islands, not even as a member of a tight group of our own choosing, but in a bigger and outward-looking European Community.

I want in conclusion, if I may, just to put what seems to me to be the three themes of British democratic Socialism, that have distinguished the Labour Party, not only through my years in it, but throughout the years that formed the movement. The first is that we care for Britain; we care for our people; we want Britain to be vigorous and lively and modern and relevant to the age in which it lives; and we want the fruits of the labours of Britain to be properly shared among our people.

That is clearly our first theme. Our second is that we pride ourselves on the contribution that we have made, and perhaps we alone can make, to multi-racial understanding in the world. When I heard Dr. Hallstein say the other day that we were the greatest preference area in the world, I reminded him that that may or may not be true, but it was not the greatest thing we were. What we are is the one great multi-racial bridge in the world, bridging all peoples, all views, and indeed almost all ideologies; and this cannot be tampered with.

This is our second theme. And inside this there is a sub-chapter which various delegates have mentioned. In our National policies we are a Party of priorities. We care for the poor; we care for those in need before we care for those not so poor and not so much in need. That also must be our approach to the nations of the world. We care for the poorer nations of the world, and the multi-racial Commonwealth of nations is a grouping in which trying to help the poor from the resources of the rich is one of the great principles. We have somehow got to get this principle accepted by the other nations of Europe as well.

### Controversial

The third theme—this may be a little more controversial, and one perhaps has a duty to remind you of it—is that we are not only British, we are not only multi-racialist we are also an international Party with an international outlook, believing in the unity of man, no matter what his national birthplace. We cannot, we must not, pick and choose which nations, which countries we regard as our first cousins and which we are less keen about. Man in France, in Germany and in America as well as in Indonesia and in India and Pakistan, is our concern. Perhaps we do not sing the Internationale as often as we used to when I began with the Party. But this is our third theme, and do not let us seem to forget it, as I think that sometimes we have today.

Sir, I believe, and the National Executive believes, that all these missions can be achieved. They can be achieved on the basis of this document. We present it as the only concrete, thought-out, carefully prepared plan which exists for facing the challenge of Europe and the challenge of the underdeveloped territories. It will also enable us to respond to the new American initiative at the same time.

We commend it to you in that way. This can be an historic document on which a united Labour Movement can appeal to and convince the people of this country. I hope therefore that you will adopt it. I hope you will adopt it unanimously. And in order that there shall be no confusion I hope that you will withdraw the other amendments before us and let this one go out as the agreed view of this great Conference.

Mr. Gaitskell said this morning that the very pro-Common Market people must accept that on present terms we cannot go in, and I am sure that they do accept it—reluctantly, but loyally. The very anti-Common Market people I think must also respond. They must, in their turn, accept that we cannot make our final decision now. This, Mr. Gaitskell said this morning, too. That means that we cannot press now for a General Election, regardless of circumstances, because—and here I am speaking with authority; it is just not my view—if we did that we would be denying what we have said, what Mr. Gaitskell said this morning, what everybody has applauded so heartily, that the final decision will be reserved for when the final terms are known.

There is no conflict here, unless we choose to seem to manufacture it. I ask Conference, in the light of that great speech this morning with the different views expressed today to rise to its mission and pass unanimously this tremendously well-prepared and well-argued document.



# Labour and the Common Market

Statement by the  
National Executive Committee  
29th September, 1962

## I: LABOUR'S APPROACH

The Labour Party regards the European Community as a great and imaginative conception. It believes that the coming together of the six nations which have in the past so often been torn by war and economic rivalry is, in the context of Western Europe, a step of great significance. It is aware that the influence of this new Community on the world will grow and that it will be able to play—for good or for ill—a far larger part in the shaping of events in the 1960s and the 1970s than its individual member states could hope to play alone.

It is these considerations, together with the influence that Britain as a member could exercise upon the community—and not the uncertain balance of economic advantage—that constitute the real case for Britain's entry.

The Labour Party, however, is also aware that membership of the Common Market would involve commitments to the nations of the Six which, in their scope and depth, go far beyond our relationships with any other group of nations. For the central purpose of the Common Market is not just the removal of trade barriers between its member states, but the conscious merging of their separate national economies into a single unit. Within this single Community the power of national governments over commercial, industrial, financial, agricultural, fiscal and social policies will progressively wither away. In their place, common policies, arrived at by majority decisions, will emerge.

Moreover the Rome Treaty is itself only one expression of the will of the Six to closer political unity. The aim is to build on the foundations of the Common Market a single political Community, with a Common Parliament and, eventually, a Common Government. Powerful and ardent voices have indeed long urged the creation of a West European federal state.

For Britain, such wide commitments present special and serious difficulties. Full membership of the Common Market is limited to European states. Although there is provision for associated status for some territories, many important members of the Commonwealth will be totally excluded. Moreover our situation is not the same as that of the other countries of the Community. While our histories have certainly overlapped, they have also diverged, and this has shaped our separate institutions and policies. Our connections and interests, both political and economic, lie as much outside Europe as within it.

Membership of the Common Market could, therefore, decisively change our political and economic relations with the rest of the world. Unlike the Six, Britain is the centre and founder member of a much larger and still more important group, the Commonwealth. As such we have access to the largest single trading area in the world and political influence within a world-wide, multi-racial association of 700 million people.

Finally, although the unification of Western Europe is in itself a great historic objective, it has to be considered in the light of the effect it has on the two transcendent issues of our times: the cold war, with its immense threat of global destruction, and the ever increasing division of the world into the affluent nations of Europe and North America and the poverty-stricken nations elsewhere.

If by joining the Common Market we could mobilise the economic resources of Europe to help the underdeveloped nations of the world and to promote the cause of world peace by ensuring more creative and liberal policies in Europe, then the case would indeed be strong.

If on the other hand our membership were to weaken the Commonwealth and the trade of the underdeveloped nations, lessen the chances of East-West agreement and reduce the influence that Britain could exert in world affairs, then the case against entry would be decisive.

The Labour Party has always looked upon the question of Britain's entry into the Common Market as a matter of balance, to be judged in the light of the long-term interests of the British people.

We could not take the view that whatever the circumstances, whatever the conditions, we should enter. Nor could we take the view that whatever the circumstances, whatever the conditions, we should stay out.

It was for these reasons that the National Executive Committee at the 1961 Annual Conference of the Labour Party refused to pass judgment on the abstract question of whether Britain should join the Common Market. Instead, it insisted that judgment should be deferred until the actual terms of entry were reasonably clear.

For it is the terms that really matter. At the 1961 Annual Conference, following a long debate, the Committee accepted a resolution in these terms:

'This Conference does not approve Britain's entry into the Common Market, unless guarantees protecting the position of British Agriculture and Horticulture, the E.F.T.A. countries and the Commonwealth are obtained, and Britain retains the power of using public ownership and economic planning as measures to ensure social progress within the United Kingdom.'

At the same time, the National Executive Committee made it clear that we would support Britain's entry if these terms were met. As Hugh Gaitskell put it in his broadcast of May 8th, 1962:

'To go in on good terms would, I believe, be the best solution to this difficult problem. And let's hope we can get them. Not to go in would be a pity, but it would not be a catastrophe. To go in on bad terms, which really meant the end of the Commonwealth, would be a step which I think we would regret all our lives, and for which history would not forgive us.'

## II: THE ESSENTIAL CONDITIONS

While deliberately refraining from hobbling the Brussels negotiations by laying down in advance a series of rigid and detailed terms, the Labour Party clearly stated the five broad conditions that would be required:

1. Strong and binding safeguards for the trade and other interests of our friends and partners in the Commonwealth.
2. Freedom as at present to pursue our own foreign policy.
3. Fulfilment of the Government's pledge to our associates in the European Free Trade Area.
4. The right to plan our own economy.
5. Guarantees to safeguard the position of British agriculture.

The acceptance by the Six of these five conditions—the arguments for which we outline below—would mean a conscious decision to liberalise their commercial policy and to become an outward-looking rather than an inward-looking community—one that recognises, in deeds as well as words, that it has obligations not only to the 170 million people within the Common Market, but to the hundreds of millions outside.

## The Commonwealth

The Commonwealth countries still export twice as much to Britain as they do to the whole of the Six put together. Britain in turn still exports to the Commonwealth more than twice as much as it does to the Common Market.

This pattern of trade, which accounts for roughly 40% of our exports and imports, has been encouraged during the past 30 years by the system of Commonwealth Preference. Under these arrangements, Britain's tariffs do not apply to Commonwealth goods, which consequently enter Britain duty-free or on advantageous terms compared with the goods of other countries. British goods enjoy similar privileges in Commonwealth markets. While the size of these preferences has been reduced over the years, they are still substantial.

If Britain joined the Common Market as at present operated, we would abandon the whole system of Commonwealth preference, and in its place impose on Commonwealth goods the Common External Tariff of the Six. Thus, not only would Commonwealth countries exporting to Britain lose their preferential entry into the British market, but they would be actively discriminated against—while German, Italian, French and other European exports would enter the British market duty-free.

On Commonwealth foodstuffs, a special and crippling version of the Common External Tariff—the so-called Import Levies—is to be imposed. Whatever the efficiency of Commonwealth food producers the imposition of this system will ensure that they cannot effectively compete against European food producers inside the Community.

We cannot accept that such injurious arrangements should be inflicted on Commonwealth countries. Nor can we forget that whereas living standards in Europe are, measured by world standards, high, those of many of our Commonwealth partners in Asia, Africa and the Caribbean are desperately low.

With these points in mind the Labour Party has insisted that firm arrangements should be made to safeguard trade between Britain and the rest of the Commonwealth. Failure to do this could bring grave damage to such countries as India, Pakistan and New Zealand, the severance of the economic ties that today bind the Commonwealth, and a drastic weakening of its political cohesion.

## Foreign Policy

In economic and social policies the Rome Treaty already allows for a substantial amount of supra-national decision-making through the instrument of the Commission and the machinery of qualified majority voting.

We should be unwise to disregard the very real likelihood that in the attempt to achieve closer political union this system will be extended to foreign policy and defence.

No socialist will cling to national sovereignty for its own sake. But Britain has special relations with many countries outside Europe—particularly in the Commonwealth. These relations would be imperilled if we were to accept majority decisions taken within the European Community in this field. Moreover, on such crucial questions as Berlin, disengagement, and support for the U.N., an independent British voice is essential. For these reasons we believe that it is right to insist that Britain must retain full freedom of action in foreign policy.

## E.F.T.A.

Three years ago, when the negotiations for a wider European trade association broke down, Norway, Denmark, Sweden, Switzerland, Portugal and Austria joined Britain in forming the European Free Trade Area.

Before applying for entry to the Common Market the United Kingdom Government made a solemn pledge to its E.F.T.A. partners that it would maintain the Association 'until satisfactory arrangements have been worked out . . . to meet the various legitimate interests of all members of E.F.T.A., and thus



enable them all to participate from the same date in an integrated European Market'.

This pledge must be honoured. In particular we cannot accept that Sweden, Switzerland and Austria should be denied associate membership on account of their neutrality. Indeed we regard the membership of the E.F.T.A. countries as a vital British interest.

### **Economic Planning**

The prosperity of Britain rests far more on our ability to make intelligent use of our economic resources than it does on securing tariff-free access to the Six.

Some features of economic planning cannot be easily combined with membership of the Common Market. This is due in part to the *laissez-faire* assumptions underlying the Rome Treaty, in part to its basic aim of creating a single and competitive market.

Under the Rome Treaty, limitations are placed upon the powers of governments to intervene in their economies wherever such interventions are thought to distort competition or interfere with the free flow of trade, capital and labour.

While these limitations are not necessarily disadvantageous, they could in certain cases have dangerous consequences for Britain. Our balance of payments is weaker, our reserves smaller, the weight of our overseas debts vastly greater than is the case with many of the present members of the Community. Complete free trade with the Six and the free movement of capital out of Britain could well—and in the short run almost certainly will—intensify our balance-of-payments difficulties. If the power of the British Government to take corrective measures is limited, this could have grave consequences for full employment, for the strength of the currency and for our future prosperity. We must be sure, as the T.U.C. has urged, that we can pursue policies necessary to secure full employment and the maintenance and improvement of our social services.

These are major considerations affecting the livelihood of millions of our fellow citizens. It is therefore only simple prudence to secure now either freedom of action for the British Government to tackle these problems or binding agreements with the Six on corrective action by the Community as a whole. For the same reason, the voting arrangements finally agreed on in the enlarged Community should be such as to ensure that in economic and social questions British interests cannot be overridden. This would be facilitated by the entry of the E.F.T.A. nations.

### **British Agriculture**

Since the war the interests of British farmers, of Commonwealth producers and of consumers have been largely reconciled (though a great deal less effectively in recent years) by allowing the market price to be determined by low-cost imports and by safeguarding farm incomes through a system of agricultural planning, production grants and deficiency payments.

The food and agriculture policy of the Six is, however, very different. The aim of their policies in the past has been, and it is likely to continue to be, to make the area as a whole broadly self-sufficient. To this end, as we have already seen, Common Market farmers are to be protected from world exporters by a system of import levies, while consumers will continue to pay prices based on high-cost European production.

British farmers would lose the security of the existing system of protection and would be compelled to take, in return, a much less certain system whose operations would be determined not by the Ministry of Agriculture in London but by the Commission in Brussels.

We must insist that the negotiations should secure such modifications in the common agricultural policy as are necessary to give adequate security to British agriculture and horticulture.



### III: THE ECONOMIC ARGUMENT

The Labour Party believes that these broad conditions constitute reasonable terms of entry. Only if such terms could be secured would it be right for Britain to enter the Common Market. But we emphasise that it would be the acceptance of these conditions which would tilt the balance in favour. There is no question of Britain being forced to go in. In particular we reject the widespread but false view that the economic advantages of membership are so great and the economic consequences of non-membership so disastrous that Britain has no choice but to accept whatever terms the Six may offer.

In our opinion the economic arguments for and against are evenly balanced.

The main arguments in favour are these. First, that as a member of the Community, Britain would share in a home market of over 200 million consumers. A market of such size would greatly stimulate production of low-cost mass-produced goods. Firms would be able to achieve all the economies of scale.

Secondly, in such a market it would be possible to have both very large firms and competition between them. As a result, a fresh wind would blow through British industry, bringing new ideas, accelerating change, encouraging a more competitive and enterprising economy.

Thirdly, trade between the members of the Common Market has grown very rapidly—more rapidly than in most other trade areas. If this continues in the years ahead, Britain as a member would greatly benefit.

Fourthly, if we do not go in we shall not only find it more difficult to compete with the Six in their own market, but also have to face stronger competition from them in world markets generally.

On the other hand, the contrary arguments are no less strong.

First, less than a fifth of our exports go to the Common Market. Any benefit we get from tariff-free access to the Six must be weighed against the losses of trade preferences that we now possess in Commonwealth and E.F.T.A. markets which absorb more than half of our exports.

Secondly, keener competition may well lead to the further concentration of industry, to monopoly and cartel agreements.

Thirdly, there is no evidence that a home market of 50 million consumers and a vast export market besides is incapable of providing our industries with all the advantages of large-scale manufacture.

Fourthly, it is wholly wrong to suggest that membership of the Common Market would transform Britain from a stagnant to a dynamic economy. The recent economic expansion of the Six owes little to the establishment of the Market.

Finally, our balance of payments will be adversely affected by higher food prices, by more foreign competition in the British market and by unrestricted capital movements.

Entry into the Common Market will not offer, in itself, an easy escape from our economic difficulties. The truth is that the growth of our economy and of our trade will owe far more to our own exertions, to the sensible planning of our economy, to reasonable restraint on incomes based on a fairer division of wealth, and to our ability to put investment and exports before home consumption, than to any consequence of our entry or non-entry into the Common Market.

### IV: THE NEGOTIATIONS SO FAR

In August 1961 the Prime Minister first announced the Government's decision to make formal application for membership of the Common Market. Presenting his case to the House of Commons, the Prime Minister emphasised that the decision to apply was not a decision to join but rather, as the Government's

Motion put it, 'to see if satisfactory arrangements can be made to meet the special interests of the U.K., of the Commonwealth and of the E.F.T.A.' Further, he pledged himself not to make a firm agreement 'until it had been approved by the House after full consultation with other Commonwealth countries'.

These sentiments have been reiterated on a number of occasions and every senior Minister, from the Prime Minister downwards, has pledged himself not to support arrangements that would injure the Commonwealth. Only three months ago Mr. Duncan Sandys repeated in the House of Commons the solemn assurance that he had delivered at the 1961 Conservative Annual Conference: 'We have promised our partners in the Commonwealth that we shall not join the European Economic Community unless we can make arrangements to safeguard their vital trading interests. We made that promise, we stand by that promise, it remains as it was, unqualified and unaltered'.

Against these statements the proposals in the August White Paper, issued shortly after Parliament had recessed, have come as a profound disappointment. The contrast between the Government's solemn pledges and its proposals in the White Paper caused the explosion at the Commonwealth Conference. No Prime Minister of any major Commonwealth country was prepared to agree that the White Paper provided the necessary safeguards.

Although a number of important issues are still left open, the White Paper's main proposals are clear enough. First, the Government has agreed to end the system of Commonwealth Preference. Secondly, the Government has agreed to impose on the manufactured goods of all the Commonwealth countries—and this is most serious for India, Pakistan and other developing countries—the Common External Tariff of the Six. Thirdly, the free entry into Britain of temperate foodstuffs from Australia, Canada and New Zealand is, apparently, to be replaced by the Common Market system of Import Levies. Fourthly, the Government has agreed to accept the Common Market's agricultural system under which revenues derived from Import Levies will be paid to the Commission to finance the agricultural expansion of the Community.

These changes are to be introduced in stages, beginning at the point of entry and reaching completion in 1970. Thus, by that year, if no new proposals are agreed, our present system of Commonwealth Preference and agricultural protection will have been abolished and Britain will have accepted the policies of the Six instead.

In return for these major, precise and most damaging British concessions the Government has gained only two specific concessions and a number of vague promises. The concessions are (1) the limited offer of Overseas Association to the African and Caribbean Commonwealth countries, and (2) the abolition of a few tariffs, of which the most important is tea. While this will help preserve the U.K. market for Indian tea exporters, it will have little effect on their trading opportunities in the Six, where tea consumption is discouraged by high Excise Duties.

Apart from these, there are only the vague promises to take account of New Zealand's particular difficulties and to negotiate, but only after Britain has joined, 'comprehensive trade agreements' with India, Pakistan, and Ceylon, world-wide or more limited agreements on the major temperate foodstuffs and to pursue a 'reasonable' price policy towards their own agricultural producers.

These proposals are wholly inadequate.

The promise of a 'reasonable' price policy for the agriculture of the Six gives no guarantee that Commonwealth farmers will be able to continue any substantial volume of exports to Britain or the Community.

There is no certainty that India and Pakistan will secure, under the 'comprehensive trade agreements' easier access to the Common Market to compensate them for the certain disadvantages that they will suffer.

Again, as the Commonwealth Conference made clear, many, if not all, of the African states will reject the offer of Overseas Association on the grounds that the political disadvantages of linking with the Six and the consequential division of Africa into Associated and non-Associated states would outweigh any economic benefits that they might gain.

The failure to obtain anything more than these totally inadequate terms suggests three conclusions. First, in pursuing its present course—with no mandate from the British people—the Government has succeeded in causing a major crisis in Commonwealth affairs. If this is allowed to continue, it may well damage Commonwealth relations beyond repair. Secondly, the Government's readiness to surrender on the Commonwealth issue must make clear to the Six that it is so desperately anxious to join that they, for their part, need make no further serious concessions to bring Britain in. Thirdly, the apparent unwillingness of the Six themselves to pay due regard to the economic problems of the hundreds of millions of miserably poor people in the Asian and African Commonwealth countries, raises most seriously the question whether they are basically an inward-looking or an outward-looking Community.

## V: THE NEXT STEPS

There can be no doubt where the Government's duty lies. Ministers ought now to return to Brussels and present those terms which alone are consistent with their own pledges and with the interests of Britain and the Commonwealth.

The basic changes required have already been outlined both by the Commonwealth Labour Leaders and by the Prime Ministers meeting in London.

Our major proposal is that the negotiations for world commodity agreements, the proposed special arrangements for New Zealand, and the comprehensive trade agreements with India, Pakistan and Ceylon, as well as new proposals to safeguard the trade of African and Caribbean Commonwealth countries, should not be put off until after Britain has joined but should start now. Until these negotiations have achieved satisfactory results the present system of Commonwealth Preference should remain unimpaired.

These agreements should then be submitted, if this is desired by the other member states, to a further Commonwealth Conference.

Apart from the delay that would be involved, there can be no serious objection to such a step. If both the Government and the Six mean what they say about these agreements, they could still be brought to a successful conclusion.

At the same time the Government must show, in relation to the other major issues that have still to be negotiated, that it has no intention of deserting its partners in E.F.T.A.; that it will really insist on firm guarantees for British agriculture; that it will retain the right to pursue an independent British foreign policy; and that it means to retain for the British Government effective powers for safeguarding full employment and the balance of payments.

If these demands are met by the Six—as we still hope—then Britain should join the Common Market.

But should they be rejected, then Britain should not enter and the present negotiations should be brought to a halt.

We do not doubt, however, that the future will bring, and bring soon, new opportunities for increasing our trade with the Six. Nor do we rule out the possibility that a Labour Government would conduct new and successful negotiations at a later stage.

In the event of breakdown, however, it will not be enough for the Government to leave things as they are. Britain must join the United States in their efforts to negotiate downwards the Common Market's external tariff—and we must be ready to cut our own tariffs in return. Already this year a substantial (20%) cut had been agreed between Britain, the Common Market and the United States.



Now that President Kennedy has won Congressional support for his policy, further and sweeping tariff reductions—which will certainly include Britain—are at last in sight.

But more than this is needed. The challenge to traditional assumptions that has been made in the course of this past year of negotiations has released creative as well as destructive forces. The Commonwealth trade system is in need of reform and the new atmosphere that has been engendered should make it much easier for new and radical proposals to be agreed. Across the Atlantic, too, the major re-examination of tariff policy to which we have just referred includes not only trade relations with other industrialised nations but, still more important, trade with the underdeveloped countries. It can also be expected that the Brussels negotiations will have brought home to the Six, more clearly than before, the need for them to pursue a more liberal trade policy with other continents.

As a first step, therefore, we would propose a conference of Commonwealth and E.F.T.A. countries to consider measures to promote their trade and economic development. This should then be widened to cover the major problems of world trade.

A great effort must be made to ensure that agricultural surpluses in the developed countries should be used, on an increasing scale, to relieve hunger and to raise living standards in other parts of the world. The truth is that whether we join the Common Market or not it is imperative to move forward to a new system of international trade, payments, economic aid and world commodity agreements.

If we look to the future, we can get our priorities right. The real dangers that confront us are not the old rivalries of France, Germany and other West European powers but those that arise from the continuing hostilities of the Communist and non-Communist worlds and from the terrible inequalities that separate the developed and the underdeveloped nations, the white and the coloured races.

Britain by herself cannot, of course, solve these problems; but more than any other advanced country of the West, we have the greatest opportunity and the greatest incentive to tackle them. For the 700 million people of the Commonwealth, with whom history has linked us, form a truly international society, cutting across the deep and dangerous divisions of the modern world. By its very nature the Commonwealth must think of global not regional problems; of the interest of all races, not just of one; of the problems of age-old poverty as well as those of new-found affluence: of non-commitment as well as of cold war.

If we are ever to win peace and prosperity for mankind, then the world community that must emerge will be composed of precisely such diverse elements as exist in the Commonwealth today—pledged, as we are, to friendship and mutual aid. This is our vision of Britain's future and of the world's future—and it must not be allowed to fade.

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